

Forum on Transportation Investment

REVENUE SCENARIOS

Two revenue scenarios were developed for Forum discussion. The goal of the scenarios was to increase transportation revenue to meet the predicted annual \$203 million shortfall and maintain the purchasing power for the next 30 years. Changes in law, authority, etc., were not addressed.

ASSUMPTIONS:

1. All revenue increases (fuel and registration) will be distributed to the Highway Distribution Account and be shared using current law and present definition.
2. All revenue from a rental car tax will go to the Highway Distribution Account.
3. Any additional funding received from eliminating or replacing the ethanol exemptions or tax incentives will go to the Highway Distribution Account.
4. Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
5. Local option tax will be available for public transportation funding initiatives.
6. Increased title and driver's license fees will be shared using current law.
7. To achieve the estimated revenue in each scenario, 1% growth was used for fuel consumption, and 2% growth was used for registrations and driver's license.

SCENARIO 1

All increases included in 1, 2, and 3 will be implemented in the first year, and then indexed to the National Construction Cost Index (NCCI) for each year following. The elimination or replacement of the ethanol exemption and the rental car tax will become effective July 1, 2008. Impact fees will be used statewide. Local option tax will be available to all local jurisdictions upon voter approval.

SCENARIO 2

In the first year:

1. Local option sales tax in the amount of 0.25% will be available for public transportation.
2. Rental car tax will be in the amount of 2.5% and distributed to the Highway Distribution Account.

Forum on Transportation Investment

3. The ethanol tax exemption will be eliminated/replaced or funding equal to the exemption will be distributed to the Highway Distribution Account.
4. Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
5. All fuel tax and registration fees will be indexed to the National Construction Cost Index (NCCI).

Fuel tax will be increased each year over 5 years and remain at that rate.

| | |
|------|--------------------|
| 2006 | 3 cents per gallon |
| 2007 | 3 cents per gallon |
| 2008 | 2 cents per gallon |
| 2009 | 2 cents per gallon |
| 2010 | 2 cents per gallon |

Vehicle registration will be increased each year over 5 years and remain at that rate.

| | |
|------|-----|
| 2006 | 10% |
| 2007 | 10% |
| 2008 | 9% |
| 2009 | 8% |
| 2010 | 8% |

Title and Driver's license fee will be increased each year over 5 years and remain at that rate.

| | |
|------|-----|
| 2006 | 10% |
| 2007 | 10% |
| 2008 | 9% |
| 2009 | 8% |
| 2010 | 8% |

Forum on Transportation Investment

SCENARIO I

**New Revenue -- All at Once
to achieve \$203 million/per year estimated capital improvement shortfall**

| Item | Revenue to | Action required | Unit increase | Effective date | Total |
|------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|--------------------------------------------------|
| 1. | H.D.A | Raise ALL fuel taxes | 12¢ per gallon | July 1, 2006 | \$100,847,000 |
| 2. | H.D.A | Raise ALL registrations | 45% | July 1, 2006 | \$ 40,024,000 |
| 3. | H.D.A | Raise title & driver's license fees | 45% | July 1, 2006 | \$ 2,927,070 |
| 4. | H.D.A | Index 1, 2, and 3 above to the National Construction Cost Index (NCCI) | +/- 3% per year | July 1, 2007 | Maintain purchasing power (\$9,193,215 per year) |
| 5. | H.D.A | Eliminate or replace the Ethanol exemption | | July 1, 2008 | \$ 825,000 |
| 6. | Local/State approx. 80/20 | Local Jurisdictions assess Impact Fees to be shared by all transportation jurisdictions (state and local) (statutory authority needed) | | July 1, 2008 | \$34,000,000 |
| 7. | Local/ County/ Region | Local governments assess local Sales Tax for Public Transportation with voter approval (statutory authority needed) | 0.25% | Within next 5 years | \$45,983,375 |
| 8. | Corridor/ Right of Way | Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation | 2.5% | July 1, 2008 | \$1,000,000 |
| Item 1-8 Total Revenue per year in 2008 | | | | | \$225,606,000 |

H.D.A.--Highway Distribution Account

Forum on Transportation Investment

SCENARIO II

**New Revenue – 5 Year Phase In
to achieve \$203 million/per year estimated capital improvement shortfall**

| Item | Action required | Unit increase | Effective date | Total Year 1 | Total Year 5 |
|------|-----------------------------------------------------------------------------------------------------------|------------------------------|----------------|----------------------------------------------------|--------------------------------------------|
| 1. | Local governments assess local Sales Tax for Public Transportation with voter approval | 0.25% | July 1, 2006 | \$45,983,375 statewide | \$ 45,983,375 |
| 2. | Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation | 2.5% | July 1, 2006 | \$ 1,000,000 estimate | \$ 1,000,000 |
| 3. | Eliminate or replace the Ethanol exemption | | July 1, 2006 | \$ 825,000 | \$ 825,000 |
| 4. | Local Jurisdictions assess Impact Fees to be shared by all transportation jurisdictions (state and local) | | July 1, 2006 | \$34,000,000 | \$ 34,000,000 |
| 5. | Index fuel taxes and registrations to the National Construction Cost Index (NCCI) | Approx. equal to 3% per year | July 1, 2006 | \$ 9,193,215 per year to maintain purchasing power | \$ 55,159,290 to maintain purchasing power |
| 6. | Increase ALL fuel taxes Normal Growth: 1% (assumed) | 3¢ | 2006 | \$25,211,629 | |
| | | 3¢ | 2007 | (\$25,463,745) | |
| | | 2¢ | 2008 | (\$17,145,588) | |
| | | 2¢ | 2009 | (\$17,317,043) | |
| | | 2¢ | 2010 | (\$17,490,213) | \$102,628,218 |
| 7. | Increase ALL registrations Normal Growth: 2% (assumed) | 10% | 2006 | \$ 8,894,060 | |
| | | 10% | 2007 | (\$ 9,017,412) | |
| | | 9% | 2008 | (\$ 8,164,747) | |
| | | 8% | 2009 | (\$ 7,693,006) | |
| | | 8% | 2010 | (\$ 7,846,866) | \$ 41,616,091 |
| 8. | Increase title and driver's license fees Normal Growth: 2% (assumed) | 10% | 2006 | \$ 650,408 | |
| | | 10% | 2007 | (\$ 663,416) | |
| | | 9% | 2008 | (\$ 597,075) | |
| | | 8% | 2009 | (\$ 562,577) | |
| | | 8% | 2010 | (\$ 573,828) | \$ 3,042,304 |
| | Total | | | \$125,756,000 | \$284,253,000 |

Forum on Transportation Investment

